



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
TE/GE – EO Mandatory Review  
1100 Commerce Street, MC 4920-DAL  
Dallas, TX 75242

Release Number: 200844027

Release Date: 10/31/08

LEGEND

UIL: 501.03-01

ORG = Organization name

XX = Date

Address = address

Date: August 6, 2008

ORG

ADDRESS

Employer Identification Number:

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer To:

TE/GE Review Staff

**LAST DAY FOR FILING A**

**PETITION WITH TAX COURT:**

November 4, 20XX

**CERTIFIED MAIL – Return Receipt Requested**

Dear :

This is a Final Adverse Determination revoking your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

ORG has failed to provide evidence you are currently operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3). You are not a charitable organization within the meaning of Treasury Regulations 1.501(c)(3)-1(d) in that you failed to establish that you were operated exclusively for an exempt purpose. You advised that your operations have ceased and you signed Form 6018-A to relinquish your tax-exempt status.

Based upon the above, we are revoking your organization's exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code retroactively to January 1, 20XX.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax return Form 1120. These returns should be filed with the appropriate Internal Revenue Campus for the year ending December 31, 20XX and for all years thereafter.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91<sup>st</sup> day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers. You can call and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where the tax exempt status was determined by calling faxing or writing to: Internal Revenue Service, Taxpayer Advocates Office.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals process, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Vickie L Hansen  
Acting Director, EO Examinations

Form <b>886-A</b> (Rev. January 19XX)	<b>EXPLANATION OF ITEMS</b>		Schedule number or exhibit
Name of Taxpayer	Tax Identification Number		Year/Period ended
ORG			20XX12

**LEGEND**

ORG = Organization name      XX = Date      motto = motto      BM-1 & BM-2 = 1<sup>st</sup> & 2<sup>nd</sup> board members

**ISSUE**

Whether the ORG operated exclusively for exempt purposes within the meaning of IRC § 501(c)(3)?

**FACTS**

The ORG is a XYZ not-for-profit corporation incorporated on April 14, 19XX.

The organization filed Form 1023 and received recognition as an organization exempt under IRC § 501(c)(3) and 509(a)(2) on April 10, 19XX.

The ORG was created to establish and operate an educational institution to provide assistance to the general public. The organization's mission is to retrain and meet the vocational and educational needs of economically disadvantaged individuals. The organization will work closely with organizations that provide motto, motto, and other motto to give every person an equal opportunity for career development.

As of July 7, 20XX, the ORG and its officers, BM-1 and BM-2 have filed for bankruptcy. The debtor was granted a discharge on November 15, 20XX.

The ORG provided a copy of its certificate of dissolution dated March 5, 20XX. However, it has been determined that the organization has not filed the dissolution papers with the State. Based on records provided by the State of XYZ Business website, the ORG continues to be classified as an active corporation.

**LAW & ARGUMENT**

IRC § 501(c)(3) of the Code provides for the exemption from federal income tax of corporations organized and operated exclusively for charitable or educational purposes, provided that no part of the net earnings of such corporations inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that an organization operates exclusively for exempt purposes only if it engages primarily in activities that accomplish exempt purposes specified in § 501(c)(3). An organization must not engage in substantial activities that fail to further an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. To meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests.

Section 1.501(c)(3)-1(d)(3)(i) provides, in part, that the term "educational" for § 501(c)(3) purposes relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

**GOVERNMENT'S POSITION**

The organization has discontinued operations as of the end of the 20XX tax year and is no longer operating for the educational purposes for which it originally received its exemption.

Form <b>886-A</b> (Rev. January 19XX)	<b>EXPLANATION OF ITEMS</b>		Schedule number or exhibit
Name of Taxpayer	Tax Identification Number	Year/Period ended	
ORG		20XX12	

Continuous efforts have been made to obtain the proper documentation regarding the dissolution of the organization's corporate status for the termination of the organization's exempt status as requested by the taxpayer. It has been determined that the organization has failed to provide the proper documentation to do so.

The ORG does not qualify as an organization described in IRC § 501(c)(3) because it is not operating exclusively for charitable or educational purposes.

### **TAXPAYER'S POSITION**

The ORG's position with respect to the issues, facts, applicable law and government's position as discussed in this report is unknown. The organization will be allowed 30 days to review this report and respond with a rebuttal if considered necessary.

### **CONCLUSION**

The government proposes revoking the ORG's exempt status as of January 1, 20XX. It is the organization's responsibility to terminate its corporate status with the State of XYZ.



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service  
701 B Street, Suite 902  
San Diego, CA 92101

ORG  
ADDRESS

Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez  
Director, EO Examinations

Enclosures:  
Publication 892  
Publication 3498  
Report of Examination